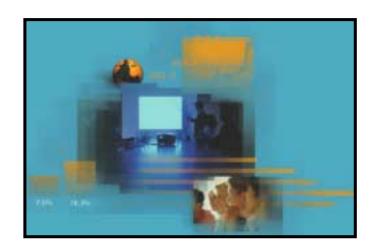# Findings From Task 154
The BMF Satisfaction Surveys:

Form 1065 *e-file* – *U.S. Partnership Return Of Income*

Prepared for:

The Internal Revenue Service
and
Cossette Post Advertising

March, 2002

Contents

Questionnaire Electronically Appended

Background & Purpose

- As BMF *e-file* products are developed, the IRS is commissioning annual quantitative customer satisfaction research to determine levels of satisfaction with the products. The first of these BMF Customer Satisfaction Surveys, conducted last March, covered *Form 941*. The latest of the satisfaction surveys (reported under Task 154) covers two new business e-file products -- **Form 1065 e-file** and **Form 940 e-file**, while also addressing **Transmitter/Software Developer** satisfaction with each BMF e-file product.

- The <u>purpose of this satisfaction research program is to provide the IRS with quantitative data and analysis to assist with making policy decisions on how to expand the volumes of electronic business transactions</u>. In addition, the research will be used to assist with resource allocation decisions related to influencing practitioner information and public acceptance of IRS Electronic Tax Administration programs. Specifically, the IRS intends to use this data when making decisions on the development of future ETA business products and effective marketing techniques. As such, the research will supplement previous studies conducted by the IRS, which have been qualitative in nature; and the research will provide a level of detail needed to focus product development efforts, enhance current products, and indicate appropriate targeted marketing strategies. In general, findings from the satisfaction research program will assist IRS in marketing IRS *e-file* for Business products and in reaching overall *e-file* usage goals.

- Each satisfaction survey is reported separately. Following are findings from the **Form 1065 e-file Satisfaction Study**.

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Research Objectives, Method, Scope & Timing

- The **specific objectives** of the Form 1065 *e-file* Benchmark Customer Satisfaction Survey were to:

  1. Establish baseline satisfaction levels among **1065 *e-file* Users**, with analysis by those mandated to use *e-file* (100+ size firms) vs. those using Form 1065 *e-file* voluntarily (<100 size firms).

      - This to allow future tracking of changes in satisfaction with the electronic Form 1065 product.

  2. Secure any new ideas that **Users** would like the IRS to explore in terms of electronic filing of Form 1065.

  3. And determine why **Eligible Non-Users** of 1065 *e-file* are not using the product and what the IRS can do to stimulate their usage.

- This study was conducted during the period of **12/12/01 through 1/16/02**, and consisted of **502 telephone interviews**, allocated half each among 1065 *e-file* Users and Eligible Non-Users. All respondents were drawn from lists provided by the IRS. In about 90% of the interviews, the interviewee was an internal executive responsible to some extent for Form 1065 while in the remaining cases, the interviewee was an external preparer of the form to whom we were referred when calling into companies on the IRS lists.

Areas of Investigation

- **<u>Among the Form 1065 *e-file* Users</u>:**

  - Quantify levels of customer satisfaction and dissatisfaction with the Form 1065 *e-file* products.
  - Identify satisfaction and dissatisfaction among key firmographic segments.
  - Measure respondent knowledge of ETA business products (name recognition).

  - Identify perceived strengths and weaknesses of IRS's current electronic options, (i.e., what is IRS NOT doing that the customers would like to see done).

  - Justify the strengths and weaknesses identified.
  - Evaluate the registration process that allows participants to use the system.
  - Evaluate error/rejection notices that participants may have received.
  - Identify opportunities for future ETA business product development.
  - Identify the effectiveness of IRS publications related to ETA business products.

- **<u>Among Form 1065 *e-file* Eligible Non-Users</u>:**
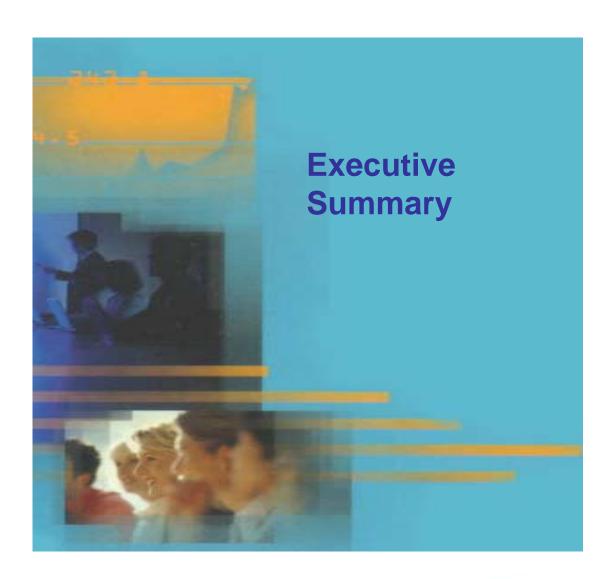
  - Quantify levels of awareness of eligibility to *e-file* Form 1065.
  - Identify unaided and aided reasons for not e-filing Form 1065.
  - Identify opportunities for the IRS to increase the likelihood of using Form 1065 *e-file*.
  - Evaluate the registration process that allows participants to use the system.
  - Identify opportunities for future ETA business product development.
  - Identify how other Business Tax Forms are filed.

Statistical Notation

- The following statistical notation is used to guide understanding of the data collected in this study:

  ○ A circle is used to highlight <u>significant</u> differences between comparable sub-groups (at a 95% confidence level -- 2-tailed test).

  □ A box is used to highlight <u>directional</u> differences between comparable sub-groups (at a 90% confidence level -- 2-tailed test).

  ⌈⌉ Dashed boxes are also sometimes used to highlight groups of data.

  ** A double asterisk cautions the reader to an extremely small base size of less than 30. These size bases are too small for conventional statistical testing and are considered unreadable in terms of guidance. They are shown in this report only to provide a full report of all responses.

  # Indicates less than ½ of 1%.

Executive Summary

Executive Summary

Summarizing key findings from the 2002 Benchmark 1065 *e-file* Satisfaction Survey…

Findings Among 1065 *e-file* Users:

● **90% of all Users rated themselves satisfied with 1065 *e-file*, with 63% of them "very satisfied".**

  ▪ Importantly, satisfaction among the mandated 100+ size firms -- while still strong -- was significantly lower than among the non-mandated firms who use 1065 *e-file*. The lower satisfaction among the mandated firms may be due to frustration with the mandate itself, to greater 1065 problems related to size of firm and reporting, or both.

● **In line with these differences in satisfaction by type of firm:**

  ▪ The smaller, non-mandated firms were more likely to say they liked something about 1065 *e-file* -- though the leading "like" among all groups was that 1065 *e-file* is *easier, more convenient* than paper filing.

  ▪ Meanwhile, the larger, mandated firms were more likely to offer suggestions for improvement of 1065 *e-file* (51% improvement suggestions vs. 30% for the smaller, non-mandated firms). The top suggestions for improvement also varied by type of firm, with the smaller, non-mandated firms more focused on the IRS accepting more 1065-related forms/attachments electronically, while the larger, mandated firms were more concerned with the IRS making the 1065 product "easier", more "simplified in information about error codes", and providing "quicker acceptance of response".

● **Ratings of specific attributes of 1065 *e-file* showed that Users were generally satisfied with most aspects of the product, though those with lower satisfaction and those in larger, mandated firms had lower than desired ratings (<75%) of 1065 *e-file* being *a time-saver, being inexpensive, easy to learn*, and *easy to use*.**

Among 1065 *e-file* Users… (Cont'd.)

- **We also see differences by type of firm in mentions of error/rejection notices, with the larger, mandated firms indicating that they are more likely to receive error/rejection notices and more likely to contact the IRS after receiving a notice. Presumably, there is some correlation between size of firm and number of errors/rejections.**

  - 62% of all Users receiving error/rejection notices said the notices were clear and understandable (though with more mentions of lack of clarity among larger firms). Verbatim mentions of what was unclear showed that the problem might stem from lack of clarity in error codes, along with a lack of supporting information about error/rejection problems.

- **44% of Users recalled 1065 publications, forms, and instructions -- presumably via materials which Software Developers or Transmitters say (in their survey) that they do provide. The IRS does not mail these materials to Users and provides them only on the IRS Website.**

  - Recall was higher among the larger firms, though with generally strong satisfaction with these documents among <u>all</u> firms. The vast majority of those recalling these documents found them clear and understandable. In addition, most thought they were able to access these documents early enough. While about two-thirds said they received 1065 materials by mail, there was strong interest in receipt via the Internet. Very few Users recalled Publication 3416 (only 9%).
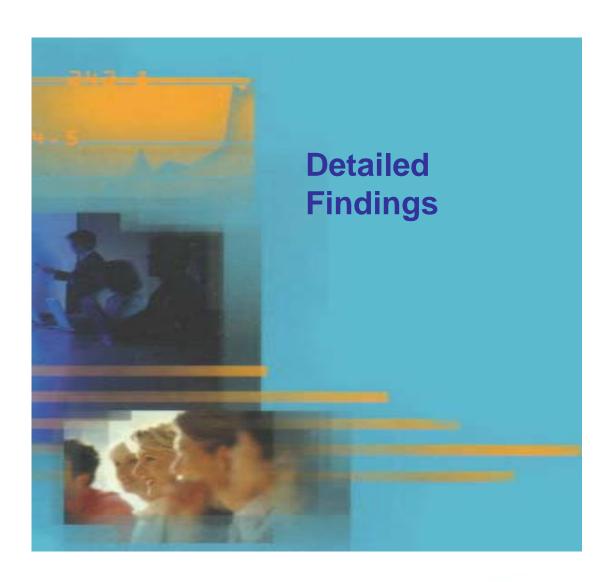
Findings Among 1065 *e-file* Non-Users

- **Among Non-Users of 1065 *e-file*, two-thirds (66%) were aware that they could have *e-filed* their 1065s. The main reasons for not *e-filing* the form related to <u>lack of knowledge</u>, <u>lack of interest/demand</u>, <u>lack of confidence</u>, <u>lack of access</u>, and the <u>extra work</u> and <u>cost</u> of 1065 *e-file*.**

- **Over two-thirds of Non-Users said that there *is* something the IRS can do to increase their likelihood of use of 1065 e-file -- mainly change the process (simplify it, provide free software, etc.), provide more information about 1065 *e-file*, and increase awareness of it.**

Executive Summary (Cont'd.)

Summarizing findings from measures taken from both Users and Non-Users…

- **56% of Users and 29% of Non-Users claimed to be familiar with the 1065 _e-file_ registration process and, among those familiar with it, only 4% in total and 3% of Users rated it "very difficult".**

- **In terms of other Federal business tax forms filed by these companies, we found that about half of the 1065 decision-makers _are aware_ of their company filing Forms 940 and 941, with 25% aware of their 940s being _e-filed_ and 30% aware of their 941s being _e-filed_ -- with higher _e-filing_ of other forms among 1065 _e-file_ Users than Non-Users.**

  - Asked which other Federal business tax forms they would like to file electronically, 29% mentioned some other form -- mainly forms 1120 and 1120S. 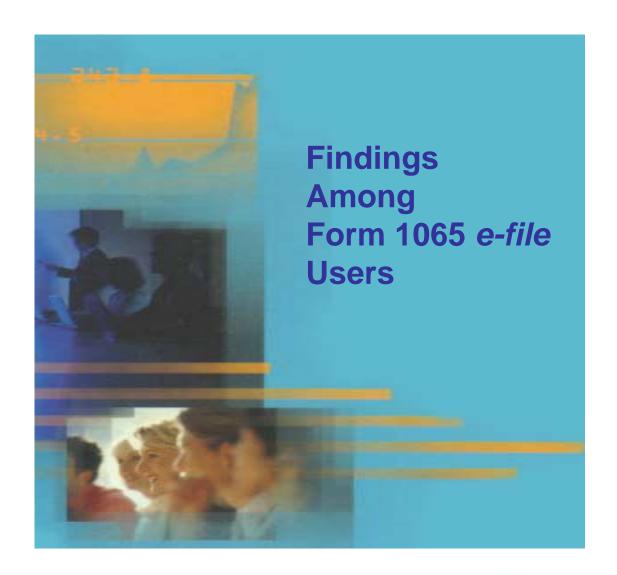Here too, we see a greater disposition toward _e-file_ for business tax forms among 1065 _e-file_ Users than among the Non-Users.

- **Asked generally how the IRS could improve its services related to business tax forms, the top mentions among 1065 decision-makers centered around IRS providing better customer service during customer phone calls to the IRS 800 # (also referred to by respondents as the "IRS hotline").**

- **Finally, _profiling_ 1065 _e-file_ Users vs. Non-Users, we found that:**

  - Users were naturally (because of the mandate) likely to be larger firms with higher revenues and more likely to be represented in the study by their accountant/CPA. In total, while attempting to reach the 1065 decision-maker in these firms, we were referred to outside preparers/CPAs in 9% of the cases -- more often when trying to reach Users (who as noted above were larger firms).

**Detailed
Findings**

Findings
Among
Form 1065 *e-file*
Users

User Satisfaction With 1065 *e-file*

- In the key measure of satisfaction, we found that in total, 90% of all Form 1065 *e-file* Users rated themselves satisfied with this product, with 63% "very satisfied". However, satisfaction among the mandated 100+ size firms -- while still strong -- was significantly lower than among the non-mandated firms who use 1065 e-file. This may indicate some dissatisfaction with the mandate itself, or it may simply be a matter of the larger the firm, the greater the problems in filing.

		--- # Of Partners---	
		Less	100
	Total	Than 100	Or More
Total 1065 *e-file* Users	(250)	(177)	(73)
	%	%	%
Top-2 Box Rating	**90**	**95**	**78**
Very Satisfied	63	70	48
Somewhat Satisfied	27	25	30
Somewhat Dissatisfied	6	3	15
Very Dissatisfied	3	1	7
Don't Know/No Answer	1	1	--

Q. 1 – Overall, how satisfied are you with 1065 *e-file* as a method of filing Form 1065? (Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied).

Specific Likes About 1065 *e-file*

- In line with this, the smaller firms were more likely to say they *liked something* about 1065 *e-file*. The main like among all groups, but especially among the smaller, non-mandated firms and those firms rating themselves "very" satisfied with the product, was that 1065 e-file is *easier, more convenient* than paper filing.

		---# Of Partners---		Satisfaction With ------1065 *e-file*------	
		Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total e-file Users	Total (250) %	(177) %	(73) %	(158) %	(89) %
Liked Something	**89**	**95**	**74**	**98**	**74**
Ease/Convenience (net)	**70**	**72**	**66**	**81**	**54**
Less paperwork	19	18	22	18	21
Easier to process	11	14	4	15	6
Don't have to mail	11	11	12	11	11
Easy to file/convenient (n.s.)	18	19	16	23	11
Speed (net)	23	27	15	29	14
Faster	18	20	12	22	11
Knowledge/Accuracy (net)	22	26	14	28	14
Acknowledgement of receipt by IRS	7	9	3	9	3
Saves Money	9	11	6	9	10
Liked Nothing	**9**	**3**	**23**	**1**	**24**

Q. 2 – What specifically did you like about using 1065 *e-file* to file Form 1065?

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Can 1065 *e-file* Be Improved?

- About one-third of all Users thought Form 1065 could be improved -- higher again among the larger, mandated firms (at about 50%) and higher among those Users who were less than "very" satisfied with the product.

| | Total | ---# Of Partners--- | | Satisfaction With ------1065 *e-file*------ | |
		Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total e-file Users	(250) %	(177) %	(73) %	(158) %	(89) %
Yes, 1065 *e-file* Can Be Improved	36	30	(51)	23	(61)
No, 1065 *e-file* Cannot Be Improved	54	59	41	67	30
Don't Know Whether It Can Be Improved	10	11	8	10	9

Q. 3 – In your opinion, can 1065 *e-file* be improved as a method of filing Form 1065? (Yes/No)

How Can 1065 *e-file* Be Improved?

- The main suggestions for improvement varied by group, with the smaller, non-mandated firms most focused on the IRS accepting more 1065-related forms (attachments) electronically, while the larger, mandated firms were more concerned with the IRS making the 1065 product "easier", more "simplified in information about error codes", and providing "quicker acceptance of response".

	Total	---# Of Partners---		Satisfaction With ------1065 *e-file*------	
		Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total Who Feel 1065 e-file Can Be Improved	(90) %	(53) %	(37) %	(36) %	(54) %
Ease/Convenience (Net)	**32**	**34**	**30**	**28**	**35**
Acceptance of More 1065 Forms	**13**	**17**	**8**	**19**	**9**
Make It Easier	**10**	**6**	**16**	**28**	**15**
All States Should Accept e-file	7	9	3	6	7
Information (Net)	**19**	**15**	**24**	**14**	**22**
Simplify Information Of Error Codes	**9**	**9**	**8**	**3**	**13**
Signature Requirement (Net)	**11**	**15**	**5**	**25**	**2**
Allow An Electronic Signature	7	9	3	17	--
Timing (Net)	**11**	**8**	**16**	**3**	**17**
Quicker Acceptance of Response	**7**	**2**	**14**	**--**	**11**
Speed of Approval	6	6	5	3	7
Make It Without Incurring Cost	6	4	8	--	9

Q. 4 – In what specific ways can it be improved?

Satisfaction With Specific Aspects Of 1065 *e-file*

● Ratings of specific attributes of 1065 e-file showed that Users were generally satisfied with most aspects of the product, though those with lower satisfaction and those in larger, mandated firms had lower than desired ratings (<75%) of 1065 *e-file* being *a time-saver*, *being inexpensive*, *easy to learn*, and *easy to use*.

		---# Of Partners---		Satisfaction With ------1065 *e-file*------	
	Total	Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total e-file Users	(250) %	(177) %	(73) %	(158) %	(89) %
Top-2 Box Rating (Very/Somewhat Satisfied)					
Being Paper-less	94	(96)	88	(98)	85
Compared To Other Methods Of Filing 1065	90	(96)	75	(98)	76
Being A More Accurate Way To File 1065	88	(94)	73	(94)	79
Being A Private And Secure Way To File 1065	85	(89)	75	(90)	76
Being A Time-Saver	82	(90)	**60**	(94)	**60**
Being An Inexpensive Method Of Filing 1065	82	(86)	**70**	(92)	**64**
Being Easy To Learn	82	(90)	**64**	(91)	**69**
Being Easy To Use, With Little Hassle	81	(93)	**53**	(94)	**58**

Q. 5 – Please rate how satisfied you were with Form 1065 *e-file* in terms of each of the following characteristics. (Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied)

Receipt Of Error And Rejection Notices

- In responses related to error and rejection notices, we start to see other possible reasons for the lower satisfaction among the larger, mandated firms -- with those firms saying they receive more error/rejection notices than the smaller, non-mandated firms. It may be that larger firms are more likely to encounter problems/errors/rejection.

		---# Of Partners---		Satisfaction With ------1065 *e-file*------	
	Total	Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total e-file Users	(250) %	(177) %	(73) %	(158) %	(89) %
Ever Received An Error Or Rejection Notice After Filing Form 1065 *e-file*?					
Yes	37	31	(51)	28	(52)
No	63	69	49	72	48
Did It Come From The IRS Or An External Transmitter?					
NEW BASE: Total Received Error/Reject Notice	(91)	(54)	(37)	(44)	(46)
Directly From The IRS	28	26	30	32	24
From An External Transmitter	60	65	54	64	57
Can't Recall Where Notice Came From	12	9	16	4	19

Q. 6 – Have you ever received an error or rejection notice after *e-filing* Form 1065? (Yes/No)
Q. 7 – If Yes, Did the error or rejection notice you received come directly from the IRS or did it come from an external transmitter?

Clarity Of Error And Rejection Notices

- 62% of all Users receiving error/rejection notices said the notices were clear and understandable. However, there was lower clarity among the larger firms (and among those firms who were generally less than "very" satisfied with 1065 *e-file*).

		---# Of Partners---		Satisfaction With ------1065 *e-file*------	
		Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total Received Error/Reject Notice	Total (91) %	(54) %	(37) %	(44) %	(46) %
Was The Notice Clear & Understandable?					
Yes, It Was Clear & Understandable	62	65	57	71	52
No, It Was Not Clear & Understandable	35	33	38	29	41
Can't Recall If It Was Clear & Understandable	3	2	5	--	7

Q. 8 – Was the error or rejection notice that you received clear and understandable? (Yes/No)

Reasons For Lack Of Clarity Of Error And Rejection Notices

- The base size of total Users calling the notices unclear was too small for numerical analysis, so we looked at verbatim responses to the question of what was unclear and found that one problem appears to be a lack of clarity in the error codes, along with lack of supporting information about the error/rejection.

Aspects That Were Unclear About The Error/Rejection Notice
SMALL BASES (32 PEOPLE) – VERBATIMS REPORTED ONLY

The Information Being In Codes
- *There wasn't a word. It was all codes (3 Total Mentions)*
- *It gave codes, we had to find out on our own what they were (2)*
- *Gives error numbers, had to pinpoint without research. Need to clarify errors*
- *The company used their own codes. I couldn't understand it (2)*
- *I couldn't' figure out what they were trying to tell me (2)*
- *Error codes are obtuse and hard to understand (3)*

Not Enough Information/Notice Was Unspecific/Needs More Detail
- *It was unclear, didn't explain what was wrong (5)*
- *The message wasn't specific enough to determine what the problem was*
- *Indicated something was wrong. It wasn't specific*
- *The notice was vague in identifying errors (3)*
- *The book didn't explain it enough – need more detailed explanations*
- *Need more information than supplied. Couldn't identify KI by number only*
- *The rejection information was not comprehensive*
- *It didn't say why it was rejected (3)*

- *Can't Recall (3)*

Q. 9 – If No in Q. 8, What specifically was hard to understand or unclear?

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Contacting The IRS After Receiving Notices

- While base sizes are again small, we see below that the larger firms were more likely to contact the IRS after receiving a notice and most thought the IRS response time was about right.

		---# Of Partners---		Satisfaction With ------1065 *e-file*------	
		Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
	Total				
Total Received Error/Reject Notice	(91)	(54)	(37)	(44)	(46)
	%	%	%	%	%
Did You Contact The IRS After Receiving The Notice?					
Yes	**31**	**24**	**41**	**20**	**42**
No	63	72	51	73	54
Can't Recall	6	4	8	7	4
Timeliness Of IRS Response Was…					
NEW BASE: Total Contacted The IRS	(28**)	(13**)	(15**)	(9**)	(19**)
About Right	**21**	**13**	**32**	**11**	**30**
Took Too Long	9	11	5	9	9
Can't Recall	1	--	3	--	2

Q. 10 – Did you contact the IRS after receiving the error or rejection notice? (Yes/No)
Q. 11 – If Yes, How do you feel about the timeliness of the IRS' response…? Was it…

Form 1065 *e-file* Publications, Forms, & Instructions

- Measures related to pubs, forms, and instructions showed higher recall of these documents among the larger firms, and generally strong satisfaction with these documents among all groups. Note: We assume they were talking about materials provided by Software Developers or Transmitters or accessed via *irs.gov.*

| | | ---# Of Partners--- | | Satisfaction With ------1065 *e-file*------ | |
	Total	Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total e-file Users	(250) %	(177) %	(73) %	(158) %	(89) %
Recall Seeing Any Publications, Forms, Or Instructions Related To 1065 *e-file*?					
Yes	44	40	(56)	45	44
No	51	[55]	43	52	49
Can't Recall	4	6	1	3	7
How Helpful Were They?					
NEW BASE: Total Recall Seeing Pub/Form/Inst.	(111)	(70)	(41)	(71)	(39)
Top-2 Box	**73**	**71**	**76**	**68**	**(85)**
Very Helpful	20	20	20	23	16
Somewhat Helpful	53	51	56	45	(69)
Not Very Helpful	12	13	10	13	10
Not At All Helpful	4	4	5	4	5
Can't Recall	11	12	9	15	--

Q. 12 – Do you recall seeing any IRS publications, forms, or instructions relating specifically to 1065 *e-file*? (Yes/No)
Q. 13 – If Yes to Q. 12, Overall, how helpful to you in using 1065 *e-file* were these publications, forms, or instructions? (Very Helpful, Somewhat Helpful, Not Very Helpful, Not At All Helpful)

Helpfulness Of Publications, Forms, & Instructions

● Those who rated the pubs, forms, and instructions as "very" or "somewhat" helpful said it was because of the amount of information they provided. Among the small base of those who <u>did not</u> consider these documents helpful, the main complaint was the documents' complexity.

| | Total | ---# Of Partners--- | | Satisfaction With ------1065 e-file------ | |
		Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total Rated Pubs. Very/Somewhat Helpful	(81) %	(50) %	(31) %	(48) %	(33) %
Total Positive Mentions	**64**	**66**	**61**	**65**	**64**
Information/Instructions (net)	**42**	**48**	**32**	**46**	**36**
Explained the process step by step	14	16	10	17	9
Clear/good instructions	11	10	13	13	9
Tell you what is required	7	8	7	8	6
Answered questions	7	10	3	6	9
Ease/Convenience	4	4	3	4	3
Helpful (n.s.)	10	6	16	8	12
Specific/detailed	6	4	10	4	9
Neutral Mentions	17	18	16	25	6
NEW BASE:Total Rated Pub. Not Very/At All Helpful	(18**)	(12**)	(6**)	(12**)	(6**)
Main Negative: Complicated/Difficult	61	50	83	50	83

Q. 14 – Reasons for answer regarding helpfulness of publications, forms or instructions.

Clarity Of Publication, Form & Instructions

- The vast majority of those recalling the pubs, forms, and instructions said they found them clear and understandable. Among those not finding these documents clear/understandable, base sizes were too small for analysis -- beyond the verbatim responses shown below.

| | Total | ---# Of Partners--- | | Satisfaction With ------1065 *e-file*------ | |
		Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total Recall Seeing Pub/Form/Inst.	(111)	(70)	(41)	(71)	(39)
	%	%	%	%	%
Were The Pubs, Forms or Instructions Clear & Understandable?					
Yes	79	79	81	73	(90)
No	16	16	17	20	10
Can't Recall	5	5	2	7	--

Aspects That Were Unclear
SMALL BASES (18 PEOPLE) – VERBATIMS REPORTED ONLY

- *Finding what I needed (2)*
- *My questions weren't answered (3)*
- *Not written clearly, it was confusing (4)*
- *Who needed to file the form*
- *Written in IRS speech (2)*
- *I just turned it over to someone else/my accountant (2)*
- *I didn't read them/Can't recall (4)*

Q. 15 – Was this publication that you received from the IRS clear and understandable? (Yes/No)
Q. 16 – If No to Q. 15, What specifically was hard to understand or unclear?

Method Of Receiving Pubs, Forms & Instructions

- Most thought they were receiving the IRS documents early enough. About two-thirds said they received the documents by mail (perhaps from SW Developers or Transmitters since the IRS does not mail out the materials), though there was strong interest in receipt via the Internet.

		---# Of Partners---		Satisfaction With ------1065 e-file------	
	Total	Less Than 100	100 Or More	Very	SW/Not Very/ Not At All
Total Recall Seeing Pub/Form/Inst.	(111)	(70)	(41)	(71)	(39)
	%	%	%	%	%
Did You Receive Them Early Enough?					
Yes	87	87	85	87	85
No	8	6	12	4	(15)
Can't Recall	5	7	3	9	--
How Did You Receive Them?					
Mail	64	64	63	(72)	51
Internet	25	23	29	17	(41)
All Other	4	4	2	4	3
Can't Recall	5	6	5	4	5
How Would You Prefer To Receive Them?					
Mail	51	51	49	[58]	39
Internet	45	44	46	39	[54]
Don't Know	2	1	2	1	3

Q. 17 – Did you receive this publication early enough so that it was helpful in preparing Form 1065 e-file? (Yes/No)
Q. 18 – How did you receive this publication?
Q. 19 – How would you prefer to receive this publication?

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Recall & Helpfulness Of Publication 3416

- Very few Users recalled Publication 3416 (only 9%), leaving too small a base for analysis of the helpfulness of this publication.

		---# Of Partners---		Satisfaction With ------1065 *e-file*------	
		Less	100		SW/Not Very/
	Total	Than 100	Or More	Very	Not At All
Total e-file Users	(250)	(177)	(73)	(158)	(89)
	%	%	%	%	%
Do You Recall Seeing Publication 3416?					
Yes	9	8	12	11	7
No	84	85	80	82	86
Can't Recall	7	7	8	7	7
How Helpful Was It?					
NEW BASE: Total Recall Seeing Pub. 3416	(23**)	(14**)	(9**)	(17**)	(6**)
Top-2 Box	**61**	**43**	**89**	**59**	**67**
Very Helpful	22	22	22	24	17
Somewhat Helpful	39	21	67	35	50
Not Very Helpful	13	21	--	12	17
Not At All Helpful	17	21	11	24	--
Can't Recall	9	15	--	5	16

Q. 20 – Do you recall seeing Publication 3416, a supplement to Publication 1525? (Yes/No)
Q. 21 – If Yes, Overall, how helpful to you in using 1065 *e-file* was publication 3416? (Very, Somewhat, Not Very, Not At All Helpful)

How Publication 3416 Is Helpful/Not Helpful

- With the base of Users recalling Publication 3416 so small (only 14 people), we also cannot analyze numerically what they find helpful about it, aside from the verbatim responses below.

Reasons for Helpfulness Of Publication 3416
SMALL BASE (14 PEOPLE TOTAL) – VERBATIMS REPORTED ONLY

Positive
- *It gave me some good information*
- *All of the publications are helpful*
- *It has the latest information and hints*
- *Helped with some detailed information*
- *Helped to explain some of the details*
- *It gave specifics about why or why not something happened*
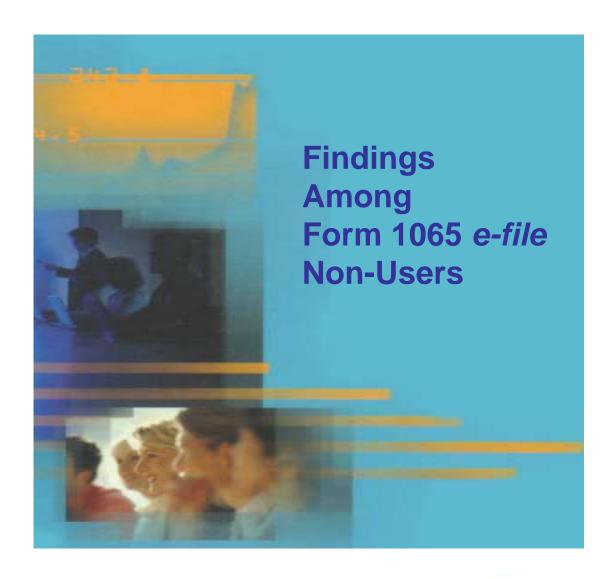
Neutral
- *I've been doing this for 13 years and it didn't give me anything new*
- *I didn't even need it*
- *I use a software provider, so I didn't even deal with it*

Negative
- *It was too late to be helpful*
- *The error codes sometimes don't match to the publication*

- *Can't Recall (3)*

Q. 22 – Reasons for helpfulness of Publication 3416

**Findings
Among
Form 1065 *e-file*
Non-Users**

Awareness Of Ability To *e-file* Form 1065

- Among Non-Users of 1065 *e-file*, we found that two-thirds (66%) were aware that they could have *e-filed* their 1065s.

Total 1065 *e-file* Non-Users	Total (252) %
Yes, I Am Aware I Could Have *e-filed* Form 1065	**66**
No, I Was Not Aware I Could Have *e-filed* Form 1065	34

Q. 23 – Our records show that you were eligible to file Form 1065 electronically, but that you used another method. Were you aware that you could have filed Form 1065 using *e-file*? (Yes/No)

Unaided Reasons For Not *e-filing* Form 1065

- The leading voluntary mentions of reasons for not *e-filing* the form were not having the computer capability, not knowing enough about it, preferring paper, and leaving it to their accountant/preparer.

		---Aware Of Eligibility---	
	Total	Aware	Not Aware
Total 1065 *e-file* Non-Users	(252) %	(166) %	(86) %
Don't have necessary computer hardware/limited tech.	**10**	**11**	**8**
I just don't know enough about it yet	**10**	**7**	**16**
Prefer paper	**10**	**13**	**4**
Rely on my accountant	**10**	**5**	**17**
I have no interest in trying it	8	7	9
My boss/clients don't ask for it or want it	8	8	8
It is too much work, I have enough to do	7	7	6
Wasn't aware of it	6	--	19
Don't have access to software	6	7	4
The cost of transmission is too high	6	7	5
I hear it takes more time	5	7	1
Don't file enough 1065's	5	5	6
All other reasons	23	25	19
Don't Know	4	4	4

Q. 24 – You mentioned that you file Federal Business Tax Form 1065 on paper for (COMPANY NAME) in 2001. What reservations did you have about filing electronically that caused you to choose to file via paper?

Total Reasons For Not *e-filing* Form 1065

- Looking at voluntary plus probed reasons combined, we see that non-use relates mainly to lack of knowledge, lack of interest/demand, lack of confidence, lack of access, and the extra work and cost of 1065 *e-file*.

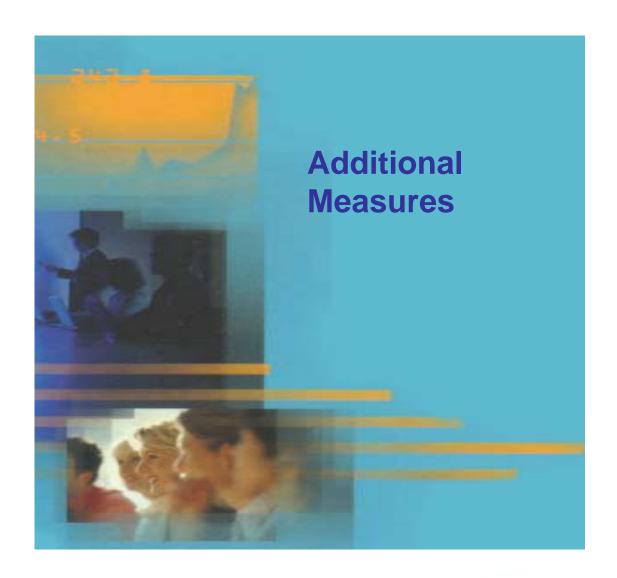| | Total | ---Aware Of Eligibility-- | |
		Aware	Not Aware
Total 1065 *e-file* Non-Users	(252)	(166)	(86)
	%	%	%
I just don't know enough about it yet	**37**	**34**	**43**
I have no interest in trying it	**26**	**28**	**21**
My boss/clients don't ask for it or want it	**25**	**29**	**17**
It is too much work, I have enough to do	**25**	**30**	**16**
Don't have access to software	**24**	**27**	**19**
The software costs money	**23**	**25**	**17**
Lack of confidence in the security of the system/tech.	**23**	**28**	**14**
It is just something else I would have to learn	**23**	**26**	**19**
I'm cautious, I want to see how it works for others first	**23**	**25**	**19**
Lack of confidence in reliability of system/technology	**21**	**24**	**16**
Requirement to submit Signature Form 8453-P	17	21	9
I am not a registered ERO	15	18	9
The cost of transmission is too high	14	15	12
I hear it takes more time	14	18	7
The application process is too difficult/tricky	11	13	8
I hear that returns get rejected	11	13	6
Don't have necessary computer hardware	10	9	11
Don't like doing IRS's work for them	10	11	8
None	16	10	26

Q. 24 (Unaided) Plus Q. 25 – Next, I am going to read some possible reasons why you may not have filed Form 1065 electronically for (COMPANY NAME). Please tell me if you agree with any of these reasons for not e-filing Form 1065.

Could The IRS Increase Their Likelihood Of *e-filing* 1065?

- Over two-thirds of Non-Users said that there *is* something the IRS can do to increase their likelihood of use of 1065 e-file -- mainly change the process (simplify it, provide free software, etc.), provide more information about 1065 *e-file*, and increase awareness of it.

	Total	Aware Of Eligibility	
		Aware	Not Aware
Total 1065 *e-file* Non-Users	(252)	(166)	(86)
	%	%	%
Said IRS Can Do Something To Increase Likelihood	**68**	**69**	**65**
Leading Mentions…			
Process Changes (net)	**39**	**42**	**33**
Simplify it	6	7	5
Free Software	5	5	5
Make it mandatory/required	5	6	4
Get rid of signature document	4	5	2
Make it cheaper/have a discount	4	3	7
Make all forms able to be e-filed	3	3	4
More Information (net)	**12**	**11**	**14**
Explanation of how to do it	3	3	4
More information (n.s.)	3	2	5
Increase Awareness	**7**	**5**	**11**
Could Not Name Anything To Increase Likelihood	**32**	**31**	**35**

Q. 26 – Is there anything the IRS can do to increase the likelihood that you will use Form 1065 *e-file* in the future?

Additional Measures

Familiarity With The Registration Process

- 56% of Users and 29% of Non-Users claimed to be familiar with the 1065 *e-file* registration process. Among those familiar with the process, only 4% in total and 3% of Users rated it "very difficult".

	Total (502) %	Users (250) %	Non-Users (252) %
Total Respondents			
<u>Yes</u>, I Am Familiar With Registration Process	43	(56)	29
<u>No</u>, I Am Not Familiar With Registration Process	57	44	(69)
Difficulty Of Registration Process			
NEW BASE: Total Familiar With Registration Process	(214)	(140)	(74)
Top-2 Box Difficult	**17**	**16**	**19**
Very Difficult	4	3	5
Somewhat Difficult	13	13	14
Not Very Difficult	22	17	(32)
Not At All Difficult	52	(60)	37
Don't Know	9	7	12

Q. 27 – Are you familiar with the registration process required to file Federal tax Form 1065 electronically? (Yes/No)
Q. 28 – If Yes, I'd like you to rate how easy or difficult you feel this registration process is. (Very, Somewhat, Not Very, Not At All Difficult)

Sources Of Difficulty In Registering To *e-file* 1065

- Among those assigning any degree of difficulty at all to the registration process, the main complaints were the amount of time involved, the need to be fingerprinted, and the amount of paperwork involved in the process.

	Total	Users	Non-Users
Total Rating Registration Process Very/Somewhat/Not Very Difficult	(84)	(46)	(38)
	%	%	%
Process (net)	**36**	**35**	**37**
Time consuming	12	13	11
Need to get fingerprinted	11	7	16
Too much paperwork	11	15	5
Involves correspondence through the mail	4	4	3
Instructions (net)	**14**	**17**	**11**
Unclear instructions	6	9	3
Knowing what forms to use	5	7	3
Don't know how to fill out the forms	4	2	5
Learning it	8	15	--
Confusing/hard to understand	5	7	3
Can't Recall	21	22	21

Q. 29 – If Very/Somewhat/Not Very Difficult in Q. 28, what specifically did you find difficult about this process?

How Other Business Tax Forms Filed

- We asked respondents which other Federal business tax forms their company files and found that about half _are aware_ of their company filing Forms 940 and 941, with 25% aware of their 940s being _e-filed_ and 30% aware of their 941s being _e-filed_ -- with higher e-filing of other forms among 1065 _e-file_ Users than among Non-Users.

	Total (502) %	Users (250) %	Non-Users (252) %
Total Respondents			
Other Federal Business Forms Filed			
Form 940	**54**	**53**	**55**
Form 941	**54**	**54**	**54**
Can't Recall	43	44	42
How Form 940 Is Filed			
NEW BASE: Total File Form 940	(271)	(133)	(138)
Electronic Method	**25**	**32**	**17**
Paper	66	56	75
Can't Recall	10	12	9
How Form 941 Is Filed			
NEW BASE: Total File Form 941	(270)	(134)	(136)
TeleFile	**6**	**6**	**6**
On-Line Filing	**2**	**2**	**2**
e-file	**22**	**31**	**13**
Paper	63	51	75
Can't Recall	12	12	11

Q. 30--32 – Other than Form 1065, what other Federal Business Tax Forms and schedules does (COMPANY) file?

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Other Federal Business Forms They Would Like To *e-file*

- Asked which other Federal business tax forms they would like to file electronically, 29% mentioned some other form -- mainly forms 1120 and 1120S. Here too, we see a greater disposition toward *e-file* for business tax forms among 1065 *e-file* Users than among the Non-Users.

	Total (502) %	Users (250) %	Non-Users (252) %
Total Respondents			
Specific Type Of Form (net)	**29**	**39**	**19**
1120	15	24	7
1120s	13	22	5
1041	6	11	2
W-2	4	4	4
General Types Of Forms	**6**	**9**	**3**
"S" corporation returns	2	3	1
All business/corporate tax forms	2	3	1
All Forms	9	10	8
None	33	26	41
Don't Know	21	16	27

Q. 33 – What other specific Federal Business Tax Forms would you find helpful if they could be filed electronically?

Suggestions For Improving IRS Business Tax Forms

- Asked how the IRS could improve its services related to business tax forms, only about half of the respondents mentioned anything -- with the top group of mentions centering around better customer service during calls to the IRS 1-800 number (or "hotline" as respondents sometimes refer to it).

Total Respondents	Total (502) %	Users (250) %	Non-Users (252) %
Suggested Something	**48**	**51**	**46**
Service During Calls To IRS 800 # (net)	**12**	**14**	**11**
Ability to talk to a live person	2	2	3
Faster service answering the phone	2	2	2
Cut waiting time	1	2	1
Form Issues (net)	**5**	**5**	**5**
Make all forms available to e-file	2	3	2
Process (net)	**10**	**12**	**9**
Simplify	6	6	7
More clear instructions	3	4	2
Did Not Suggest Anything	**48**	**46**	**51**
Don't Know	4	3	3

Q. 34 – Can you offer any suggestions for improving IRS services related to Federal Business Tax Forms?

Usage & Consideration Of Methods Of Filing 1065

- As a part of the screening process, we asked respondents about their usage and consideration of *e-file* vs. paper for Form 1065 and found that 10% of the Non-Users <u>claimed</u> to have e-filed 1065s in the past and that 64% would consider using 1065 *e-file*.

	Total (502) %	Users (250) %	Non-Users (252) %
Total Respondents			
Methods Ever Used To File Form 1065			
Paper	97	94	100
e-file	55	100	**10**
Methods Used To File Form 1065 In 2001			
Paper	50	--	100
e-file	50	100	--
Methods Would Ever Consider Using To File Form 1065			
Paper	55	40	69
e-file	81	98	**64**

Q. G – Which of the following methods of filing Federal Form 1065 have you ever used?

Q. H – Which method did you use for filing (COMPANY) Federal Form 1065 in 2001 for tax year 2000?
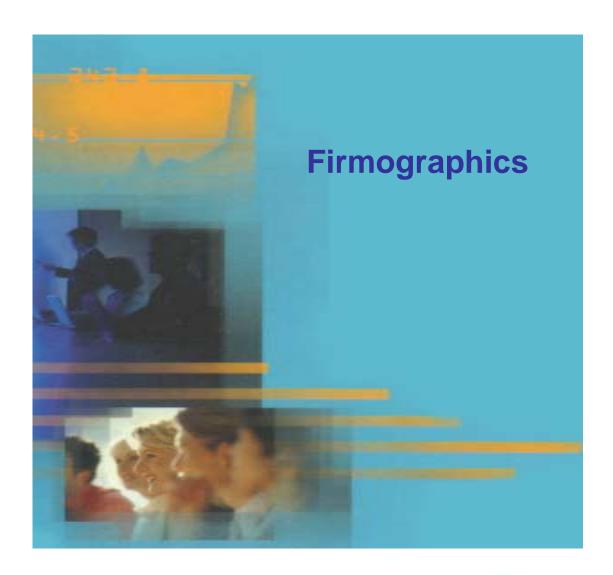
Q. I – And, which of these methods of filing Federal Form 1065 would you ever consider using for (COMPANY)?

Awareness of Other Business Forms They Can *e-file*

- Asked about their awareness of being able to *e-file* other *business* tax forms, Users and Non-Users had similar mentions -- with the highest mention being Form 1040 (presumably from those who see 1040 as a business form because of its use for reporting business income).

	Total (502) %	Users (250) %	Non-Users (252) %
Total Respondents			
Specific Type Of Form (net)	**56**	**60**	**52**
1040	**34**	**37**	**31**
941	19	18	20
940	13	11	14
1120	11	11	12
1099	6	8	4
1120s	6	5	8
General Types Of Forms (net)	**9**	**10**	**8**
Payroll tax forms/reports	7	8	6
Any form	9	7	10
None	14	9	19
Don't Know	12	11	14

Q. J – We mentioned Federal Business tax form 1065 *e-file*, what other Federal business tax forms are you aware of that can be filed electronically?

Firmographics

Firmographics

- As a part of developing a profile of 1065 *e-file* Users vs. Non-Users, we asked about computer usage and found that Users (compared to Non-Users) are more likely to have a computer with a modem and are more likely to be Internet-connected.

Total Respondents	Total (502) %	Users (250) %	Non-Users (252) %
Who Files Form 1065?			
Someone Internal	25	22	28
Someone Outside The Company	75	78	72
Does Business Have Computer With Modem?			
Yes	91	(95)	87
No	7	4	13
Does Business Have Access To Internet Via Computer?			
NOTE: DATA RE-BASED TO "TOTAL RESPONDENTS"			
Yes	89	(95)	85
No	11	5	15

Q. 35 – Does (COMPANY) have someone internally that files Form 1065, or does someone outside the company handle the filing?
Q. 36 – Does your business have a personal computer with a modem? (Yes/No)
Q. 37 – And does you business have access to the Internet via the computer? (Yes/No)

Firmographics (Cont'd.)

- Users are naturally (because of the mandate) likely to be larger firms with higher revenues and they were more likely to be represented in the study by their accountant/CPA.

	Total	Users	Non-Users
Total Respondents	(502)	(250)	(252)
	%	%	%
Title			
Owner/Partner/President/Principal	92	88	96
Accountant/CPA	6	10	3
Number Of Partners			
Less Than 100	83	71	95
100+	17	29	5
Industry			
Real Estate	18	16	19
Healthcare/Medical	7	9	6
Legal Services	7	9	5
Accounting	6	6	6
Farming	6	4	7
Service	5	2	7
Median Total Revenue	$310K	$430K	$220K

Q. 38 – Please tell me what your title is.
Q. B – In total, how many partners are there at all locations of (COMPANY)? (Less than 100, 100+)
Q. C – In what type of industry does (COMPANY) operate?
Q. D – Which of the following best describes (COMPANY) total revenues in 2000?

Decision Maker For Filing Form 1065

- In total, while attempting to reach the 1065 decision-maker in these firms, we were referred to outside preparers/CPAs in 9% of the cases -- more often when trying to reach the Users (the larger firms).

Total Respondents	Total (502) %	Users (250) %	Non-Users (252) %
I <u>Alone</u> Decide How Form 1065 Is Filed	38	39	37
I Am <u>Involved</u> In The Decision Of How Form 1065 Is Filed	54	48	(59)
<u>Referred</u> To Outside/External Preparer/Accountant/CPA	9	(13)	4

Q. A – Which of the following statements best describes your involvement in (COMPANY) decisions about how Federal Tax Form 1065 is filed?